

**RESOLUTION NO. 2017-22**

**RESOLUTION OF THE CITY OF FOREST GROVE, OREGON, AUTHORIZING  
THE SALE AND ISSUANCE OF REFUNDING REVENUE BONDS TO  
REFINANCE STUDENT HOUSING PROJECTS FOR PACIFIC UNIVERSITY**

**THE CITY OF FOREST GROVE, OREGON (THE “CITY”) DOES HEREBY  
RESOLVE AS FOLLOWS:**

**WHEREAS**, the City Council of the City makes the following findings, based on representations that have been made by Oak Tree Foundation, Inc. (the “Foundation”) and Pacific University (the “University”), both of which are 501(c)(3) organizations:

1. The City has received a request from the Foundation to approve the issuance by the City of revenue bonds to refund the City’s Student Housing Revenue Bonds (Oak Tree Foundation Project), Series 2007 (the “Series 2007 Bonds”), which were issued to (1) finance an approximately 156-bed student housing facility known as Gilbert Hall at Pacific University and related costs, and (2) refinance an approximately 163-bed student housing facility known as Burlingham Hall, that is located adjacent to the University’s campus in Forest Grove (collectively, the “Project”).
2. The Project will be owned by the Foundation and located on land leased by the Foundation from the University. The University will lease the Project from the Foundation and operate the Project pursuant to long-term leases.
3. The City is authorized to refund outstanding student housing revenue bonds under Oregon Revised Statutes (“ORS”) 287A.360 to 287A.375.
4. The City adopts this Resolution to approve and authorize the sale of the student housing revenue bonds to refinance the Project.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE  
AS FOLLOWS:**

**Section 1. Revenue Refunding Bonds Authorized.** The City hereby authorizes the issuance of student housing revenue bonds (the “Series 2017 Bonds”) pursuant to ORS 287A.360 to 287A.375 to refund all or any portion of the Series 2007 Bonds and pay related costs. The Series 2017 Bonds may be issued in an amount sufficient to refund all or any portion of the Series 2007 Bonds, to fund all or a portion of a debt service reserve fund, if any, and to pay estimated costs related to those Series 2017 Bonds.

**Section 2. Security for the Bonds.** The Series 2017 Bonds authorized by this Resolution shall be special, limited obligations of the City and shall be payable solely from the revenues and resources provided by the Foundation and the University. The Series 2017 Bonds will not constitute a debt of the City nor shall any Series 2017 Bonds

be payable from any funds of the City or any tax levied upon any property within the City nor any other political subdivision of the State of Oregon.

**Section 3. Delegation.**

The Director of Administrative Services, the City Manager, or the designee of the Director of Administrative Services or the City Manager (the “City Official”) is hereby authorized on behalf of the City and without further action by the City Council, to:

- (A) Issue the Series 2017 Bonds in one or more series.
- (B) Select one or more underwriters, commercial banks, placement agents or other investors and negotiate the sale of any series of Series 2017 Bonds with those underwriters, commercial banks, placement agents or investors.
- (C) Determine the form, final principal amount of the Series 2017 Bonds, the interest rate or rates, fixed or variable, which the Series 2017 Bonds shall bear, mandatory and optional redemption terms, maturity schedules, payment terms and dates, record dates, any reserve requirements, and other terms of the Series 2017 Bonds.
- (D) Engage the services of paying agents, verification agents, escrow agents, financial advisors, remarketing agents, trustees, and any other professionals whose services are desirable for the financing.
- (E) Prepare, execute, and deliver one or more indentures, supplemental indentures, bond declarations, loan agreements, or amendments to such documents, which shall specify the security for each series of the Series 2017 Bonds, and the terms and administrative provisions under which each series of the Series 2017 Bonds are issued, and contain the terms and conditions under which the City shall lend the proceeds of each series of the Series 2017 Bonds to the Foundation. These documents may allow for conversion of the Series 2017 Bonds into other interest rate modes, including conversion from taxable to tax-exempt rates, and may contain additional covenants for the benefit of the owners of the Series 2017 Bonds, providers of credit enhancement and reserve sureties.
- (F) Provide that one or more series of Series 2017 Bonds may bear interest which is includable in gross income under the Internal Revenue Code of 1986, as amended (the “Code”), and that one or more series of Series 2017 Bonds may be tax-exempt, “qualified 501(c)(3)” bonds, and enter into covenants to maintain the tax-exemption for any series of Series 2017 Bonds which bears interest which is excludable from gross income under the Code.

- (G) Take any action to call, redeem, defease and prepay the Series 2007 Bonds.
- (H) Deem final and authorize the distribution of an official statement, placement memoranda or other disclosure documents for the Series 2017 Bonds.
- (I) Execute and deliver any related certificates or documents and take any other action in connection with the Series 2017 Bonds which the City Official finds are reasonably required to issue the Series 2017 Bonds or will be advantageous to the City.

**Section 4. Effective Date.**

This Resolution is effect immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 27<sup>th</sup> day of February, 2017.



Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 27<sup>th</sup> day of February, 2017.



Peter B. Truax, Mayor



*A place where families and businesses thrive.*

CITY RECORDER USE ONLY:

AGENDA ITEM #: 4

MEETING DATE: 2/27/17

FINAL ACTION: 2-28-2017-20

## CITY COUNCIL STAFF REPORT

**TO:** City Council

**FROM:** Jesse VanderZanden, City Manager

**MEETING DATE:** February 27, 2017

**PROJECT TEAM:** Paul Downey, Director of Administrative Services

**SUBJECT TITLE:** Resolution Authorizing Issuance of Refunding Bonds for Oak Tree Foundation

**ACTION REQUESTED:**

<input type="checkbox"/>	Ordinance	<input type="checkbox"/>	Order	<input checked="" type="checkbox"/>	Resolution	<input type="checkbox"/>	Motion	<input type="checkbox"/>	Informational
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*X all that apply*

**ISSUE STATEMENT:** Due to the favorable interest environment, Oak Tree Foundation, Inc. (Foundation), a not-for-profit agency that supports Pacific University would like to refinance Series 2007 Student Housing Bonds that the City issued on behalf of the Foundation. In order to refinance the 2007 Bonds, the City is being asked to issue new revenue refunding bonds that will refinance the bonds that were issued in 2007. The City's Bond Counsel has prepared a resolution authorizing the issuance of the revenue refunding bonds.

**BACKGROUND:** The City issued Student Housing Revenue Bonds Series 2007 that were loaned to the Foundation to finance construction of Gilbert Hall student housing facility and to refinance 2006 Bonds issued to finance Burlingham Hall student housing facility. The Foundation owns the buildings and leases them back to Pacific University to operate.

The Foundation has an opportunity to refinance the bonds at a lower interest rate which will allow the University to reduce its interest costs and restructure the debt payment schedule. The Foundation is asking the City to issue new bonds so the 2007 Bonds can be refinanced. The amount of the new bonds will be to strictly refinance the 2007 Bonds and pay for all of the costs of issuing the new bonds. No funds are being borrowed to finance any additional projects. The maximum principal amount of the refinance bonds to be issued is estimated to be \$27,000,000.

The City has issued numerous bonds for Pacific University and the Foundation since 1995. Like all of the other bond issues, the Foundation will pay all of the debt service on these bonds. The City only issues the bonds on behalf of the Foundation. The principal and interest on the Bond is payable only from the revenues and resources provided by the University to the Foundation and are not payable by the City of Forest Grove. If the Foundation defaults on the bonds, the City is not liable for any payment on these bonds. These bonds are not a debt of the City nor shall the

bonds be payable from any funds of the City or any tax levied upon any property within the City nor any other political subdivision of the State of Oregon.

As with all other previous resolutions, this resolution authorizes the City Manager or the Director of Administrative Services to complete the process to issue the new bonds.

**FISCAL IMPACT:** No city funds are being used to pay the costs of issuing these bonds. All costs of issuing the bonds, including the bond counsel for the City, are the responsibility of the Foundation. There will be some City staff time involved in the process.

The City is charging the Foundation a fee of \$1,500 to pay for City staff time for the issuance process. The Foundation pays for all costs to issue the bonds.

**STAFF RECOMMENDATION:** Staff recommends the City Council approve the attached resolution authorizing the issuance of refunding revenue bonds to refinance projects for the Foundation.

**ATTACHMENT(s):** Resolution